



**MINUTES
CITY COUNCIL MEETING
December 7, 2021**

CALL TO ORDER

The meeting was called to order at 6:30pm.

Present: Mayor: Charlie Miner; Council: Jahn Dyvik, Mike Feldmann, and Deirdre Kvale

Staff Present: City Administrator: Scott Weske; Public Works Director: Sean Diercks; City Clerk: Jeanette Moeller; and City Engineer: Brad Reifsteck

Absent: Councilmember Gina Joyce (with prior notice)

PLEDGE OF ALLEGIANCE

MAYOR'S COMMENTS – LONG LAKE NEWS, MEETING REVIEW AND UPDATES

Mayor Miner offered the following comments and updates:

The City Council had met in a work session prior to the regular meeting at which the main topic of discussion was receiving an update from staff regarding communications with Orono regarding a Master Utility Agreement.

A holiday tree lighting ceremony had been held at Holbrook Park on December 3, 2021 and was a great event. He expressed his appreciation to the Long Lake Area Chamber of Commerce, the Orono Lions Club, and the Park Board - especially Thomas Joyce, who put a lot of effort into this event. He gave thanks also to the Public Works Department for getting the park facilities ready for the event.

Mayor Miner reminded residents that the Long Lake Holiday Home Decorating Contest is once again underway. More details on the contest are available on the City Listserv, Next Door, and Facebook page. If households want to participate, they need to register by December 15, 2021. He stated that the judging will take place on December 16, 2021 courtesy of the Long Lake Garden Club, and prizes have been donated by local businesses.

APPROVE AGENDA

A motion was made by Feldmann, seconded by Dyvik, to approve the agenda as presented. Ayes: all. Motion carried.

CONSENT AGENDA

The Consent Agenda consisted of:

- A. Approve Minutes of November 16, 2021 City Council Work Session
- B. Approve Minutes of November 16, 2021 City Council Meeting
- C. Approve Vendor Claims and Payroll
- D. Adopt Resolution No. 2021-52 Approving the Transfer and Issuance of an Off Sale Intoxicating Liquor License for Over Your Head, Inc. Doing Business as Lakeside Wine + Spirits at 1916 W Wayzata Boulevard

A motion was made by Dyvik, seconded by Feldmann, to approve the Consent Agenda as presented. Ayes: all. Motion carried.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Award Contract for the District 4 Sanitary Sewer Rehabilitation Project

City Engineer Reifsteck reported that the District 4 Sanitary Sewer Project will consist of rehabilitating the sanitary sewer by cured in place methods. He reviewed the project limits which include sanitary sewer facilities in the area south of Wayzata Boulevard W, north of Watertown Road, east of Willow Drive, and west of Brown Road. The Council had approved plans and specifications and authorized bidding electronically for the project on October 19, 2021. At the bid opening on November 23, the City received five bids that included the base bid and three bid alternatives. He and staff had discussed the televising bid alternate and determined that the televising could be done more efficiently with a sewer televising contract at some time in the future. Staff is recommending awarding the base bid plus Bid Alternate 1 to the lowest responsible bidder, Hydro-Klean out of Des Moines, Iowa, in the amount of \$337,514.60.

Mayor Miner inquired whether the City had worked with Hydro-Klean in the past.

Reifsteck was unsure if the City had worked with them before, but he had worked with them over the last 10 years in other cities and Hydro-Klean had done a really nice job in his experience on those other projects.

Council member Kvale asked why there was such a large range for the base bid.

Reifsteck responded that much of the discrepancies between the bids are related to mobilization, the spot repairs, and could also be related to inflation. He explained that the range of bid prices would have been mostly related to things other than the lining price.

Council member Feldmann asked if the product itself was standard.

Reifsteck confirmed that the specified product is indeed standardized. He gave an overview of typical televising work and reiterated that staff thinks they will achieve a better economy of scale if that work is included with some of the other televising work to be conducted in the City in the future rather than as part of this project. He clarified that he is referring to the post two-year televising bid alternate, and not the televising that is part of what will be done upon project completion.

Mayor Miner asked if a problem was discovered during the post two-year televising, would it be likely that Hydro-Klean would insist on doing their own televising.

Reifsteck replied that they could do their own televising, but it would be done at no cost to the City.

Council member Kvale questioned who the warranty would be with and asked about the timing of the project.

Reifsteck indicated that the warranty would be with the general contractor; and though he did not have the exact dates off the top of his head, he would estimate that the project would be completed by mid-summer of 2022.

Council member Dyvik asked how current supply chain issues may affect this project.

Reifsteck responded that they are starting to see inflation of prices on a lot of materials, but they have not seen supply chain issues for sewer lining materials.

City Administrator Weske noted that the estimate is that the project work will be completed in about a two week timeframe.

A motion was made by Dyvik, seconded by Feldmann, to adopt Resolution No. 2021-53 awarding the construction contract for the District 4 Sanitary Sewer Rehabilitation Project to Hydro-Klean, LLC, and to authorize the Mayor and City Administrator to enter into a contract for said services. Ayes: all. Motion carried.

Public Meeting to Discuss Proposed 2022 Budget and Levy

Weske gave a presentation on the proposed 2022 payable levy and budget, which must be finalized by the end of December. He confirmed that the proposed final levy is unchanged from the preliminary levy approved by Council in September. He highlighted 2022 budgeting factors including state aid to be received; anticipated license and permit revenue; staff salary ranges moves and adjustments; and fluctuations in the insurance premiums. He reviewed the recommended levy that captures a total increase of \$74,525 over the 2021 levy and outlined his expectation that the tax rate will decrease as property valuations are updated by Hennepin County. He reviewed past discussions the Council had about allocating the surplus levy funds for the Pavement Management Fund, Carp Management Fund, furnace replacements for Public Works, as well as some pedestrian safety items and various unanticipated expenses to remain in the General Fund. He displayed a summary the City's tax levy and City tax rate history between the years of 2015 to 2022 and reviewed the major General Fund Capital Items that are being considered for 2022.

Council member Kvale stated that the increase in the tax levy reduces some of the City's debt levies, but is an increase of \$74,000, which is a huge increase. She asked how this would affect the taxpayers and expressed concern that the City is also considering raising sewer and water rates. She asked what the average tax increase for residents would be.

Weske replied that their tax increase would depend on their property's value.

City Clerk Moeller clarified that it is important to note that it is the valuation of property that determines what portion is allocated to City, school board, and County taxes. She noted that in April each year, there is a process by which residents can review their property's valuation with the assessor's office.

Council member Kvale reiterated that the City is raising the levy by \$74,000.

Council member Dyvik estimated that the increase may be an average of \$100 per household. He noted that some will see \$0 change in their City tax, some may see a reduction, and some may see an increase, dependent upon how the valuation of their properties changed.

Council member Kvale commented that she is concerned that the City keeps raising things and is not really looking at the other side of the equation to see what could be done to cut City spending. She added that she had seen her proposed taxes which showed a huge jump.

Council member Dyvik recommended that Council member Kvale take a look at the school district and County taxes also, because those would be part of her tax increase but they are not something the City has control over.

Council member Kvale asked what percentage of her taxes belong to the City.

Council member Dyvik responded that the apportionments would be detailed on her tax statement.

Council member Kvale stated that the City is considering raising other rates and she did not think it had gone over well in the past when the City had tried to raise too many rates.

Mayor Miner noted that the City has not talked about a sewer rate increase for 2022 as of yet.

Moeller commented that staff feels a discussion of sewer and utility rates would be a good conversation in 2022 with a full year of numbers taking the sewer one for one billing change policy into account. With regard to cutting spending, she feels that City Hall and Public Works, especially, already run a very tight ship in their daily operations and she wondered if the question should perhaps not be how much more can the City buckle down, but more a question of how much does the Council want to put away.

Council member Kvale added that a 3% cost of living increase in addition to a pay raise for some employees is not really 'buckling down'.

Weske recalled that in 2020 there was discussion about having a market rate adjustment for long term salaried staff, and he had presented data for the going rates for the surrounding area based on job titles. The Council had decided to split the proposed increase in half and give the second half of the market rate adjustment in 2022, which is what brought increases for those employees to the total of 4%.

Council member Kvale stated that she would just like to have a discussion about these things, because the City had less than \$20,000 come off of the debt levy, but it seems as though the City is just turning around and creating new obligations.

Council member Feldmann noted that he is not a big fan of the word 'surplus' because, as a City, the roads have actively not been included in the allocated resources. He mentioned that there is a 'surplus', but there is also a known liability that has not been addressed over a period of time. He reiterated that philosophically, he does not like the word 'surplus' because it is being allocated to something that is not really a 'surplus' and is a known expense for the City.

Moeller added that the definition of 'surplus' in this circumstance ends up being something more like, 'additional revenue captured, if the City tax rate is kept as close to flat as possible, while property valuations are changing'.

Council member Kvale indicated that she likes to look at taxes being paid. She appreciates that the City needs money for road improvements, but asked if the Council was considering the other side of the equation. She stated that some expenses went down, for example the \$5,800 in insurance premiums, and questioned where that was captured in a reduction in the tax levy amount.

Weske replied that it was captured within the General Fund.

Council member Dyvik explained that it appears as though Councilmember Kvale's City portion of her taxes will go up about \$215 for the year.

Council member Feldmann observed that the question is what fraction is the City's portion of someone's taxes versus everything else.

Weske noted that he believes it may be about 17%.

Council member Feldmann added that if the City took in zero additional dollars this year, 83% of Council member Kvale's tax increase would still happen.

Weske explained that taxes are also being captured from commercial properties as well as the residential.

Council member Kvale reiterated that her concern is that it feels like everything is increasing.

Moeller mentioned that she thinks it is clear from the information showing the City's levy history shared by Weske that the City has established a record of working towards reducing its tax rate over time.

Weske pointed out that there was no one present for the Public Meeting tonight and if this increase was out of line, he felt that there would be people present.

Council member Kvale expressed concern about the City just increasing everything such as taxes, sewer rates, and water rates.

Council members discussed more details about the budget, fluctuations, inflation, and City expenses that have not been historically allocated for such as sewer improvements and roadways.

Moeller commented that this is the first year that she has been at the City where staff and the Mayor had received an e-mail from a resident asking for an increase in taxes in order to pay for some of the necessary road improvements. She noted that Long Lake bills differently for its utilities than other surrounding communities; and shared her personal example from living in Buffalo where it is just her and her husband in the house and their water bill is \$105 per month with no irrigation, in comparison to similar usage in Long Lake where utility bills are closer to \$100 per quarter. She reflected that any change will be hard; however, the City has been taking great care of its residents and the rates are lower than a number of other area communities.

Council member Kvale recognized Moeller's comments, but as a Council member she does not represent people from Buffalo. She stated that her concern is that she does not want to raise taxes and then expect people to also pay more for water and sewer.

Council member Dyvik explained that he had just taken a look at 10 random properties in the City that are valued between \$250,000 and \$300,000, and the average their City taxes would increase overall was about \$95 for the year.

Council member Kvale stated that she just wants to make sure the City's expenses are in line and that they are not overestimating them.

The Council discussed the importance of educating the residents on how tax dollars are spent in the City to help them understand the breakdown.

Council member Kvale noted that if the City is worried about roads, perhaps there should be \$100,000 put into the Pavement Management Fund and not \$50,000. She indicated would like to know if it is in its own separate account and not just included in the General Fund.

The Council discussed the breakdown of funds and how money is invested in bonds, municipal CDs, and Treasury bonds.

Mayor Miner noted that there is no one from the public present to speak at the public meeting.

Moeller confirmed that she also did not receive any written comments on the proposed 2022 budget and levy.

Mayor Miner closed in confirming that the Council will be voting on this issue at their December 21, 2021 meeting.

OTHER BUSINESS

Response to Orono City Council Comments, November 8 Meeting - Council member Dyvik indicated that he would like to clarify and put into context some of the comments he made at the last Council meeting regarding statements made by Orono. He explained that he had watched a public hearing the Orono City Council held on November 8, 2021 to consider a CIP bonding of \$16,000,000 for Public Works and another \$3,000,000 for building or purchasing a Fire Department. He stated that there were comments made at that meeting that were inaccurate. For people watching who may not be aware of the situation, Orono has been in a fire services contract with Long Lake for about 20 years, and they notified the City a few months ago that they will not extend the contract which means the current contract will end at the end of 2025. Orono has stated that they want to have their own Fire Department. There are now discussions regarding whether they somehow take over the Long Lake Fire Department or create their own. In the meantime, at their November 8, 2021 meeting, they set aside \$3,000,000 of their bond for purchasing a building to use as a Fire Department, which they are free to do. The current arrangement is that Fire Station 1 is half owned by Long Lake and half by Orono; and Station 2 is 100% owned by Orono, but all the equipment within the two stations is shared by percentage of the services that each city is getting, which means Orono owns about 85% of the equipment and Long Lake and Medina share the other 15%. He recalled that some of the statements made in their meeting were that they own all the equipment at Station 2, which is not true. A comment was also made that when they are paying over 80% of the bill, they ought to be able to run the show; and another comment voiced was that they pay 80% of the bill and have no say in what is happening with the Department. He clarified that Orono not having any say in what is happening is a false statement because there has been a Fire Advisory Board meeting regularly that is made up of staff and two Council members from each City, and they all collectively participate in budgeting and planning. The budget put together by the Fire Advisory Board each year needs to be approved by all the City Councils. He emphasized that he wants there to be accurate information when people are reflecting on this situation and in what is being communicated. He added that Orono is free to choose what they would like to do in the future, but he would like them to be accurate in their comments and in the information that they are sharing with their constituents.

Upcoming Fire Meeting - Mayor Miner reported that the next future fire services meeting will be held on December 15, 2021.

Holiday Décor in Downtown – Mayor Miner expressed his appreciation to the Public Works Department for making the downtown look so festive for the holidays; and to the Orono Lions Club for contributing the holiday lighting down at Nelson Lakeside Park.

ADJOURN

Mayor Miner adjourned the meeting by general consent at 7:44 pm.

Respectfully submitted,

Scott Weske
City Administrator